
Book Reviews

Reviewed by Sebastian Berger

Email: Sebastian.Berger@uwe.ac.uk

Mikroökonomische Lehrbücher: Wissenschaft oder Ideologie?

by: Helge Peukert

Published 2018

by Metropolis

Marburg

ISBN: 978-3-7316-1303-9

and

Makroökonomische Lehrbücher: Wissenschaft oder Ideologie?

by: Helge Peukert

Published 2018

by Metropolis

Marburg

ISBN: 978-3-7316-1335-0

Comment [JH1]: Author: Please provide the publishers full address and total number of pages.

Comment [JH2]: Author: Please provide the publishers full address and total number of pages.

Once upon a time, *Germany – The Country of Poets and Thinkers* (in German: *Deutschland – das Land der Dichter und Denker*) may have been an accurate description; not least because of the major contributions Germans made to economic thinking from Marx, List and Schmoller, to Weber, Schumacher and Kapp. However, after reading the results of Helge Peukert's study of economic textbooks assigned at German universities, the uncanny question arises: *Germany – country of translators and brainwashers?* Indeed, much depends on the validity, meaning, and implications of the findings of one of Germany's leading heterodox economists who conducted this project at the recently launched pluralist economics program of the University of Siegen, partly financed by the Research Institute for the Progressive Development of Society (Forschungsinstitut für Gesellschaftliche Weiterentwicklung).

Both books are structured as follows: the introductory chapters focus on distinguishing varieties of what may be called neoclassical and heterodox paradigms, or communities. It then develops an analytical framework that consists of meta-paradigmatic elements underlying these paradigms. These elements cross-fertilise the paradigms so that there is no hard boundary between them but rather a complex web of neoclassical and heterodox paradigms. Peukert's analytical framework is inspired by Ludwik Fleck's theory of science, which argues that 'thought collectives' engage in the social construction of reality based on 'archetypal ideas' (read: meta-theoretical elements) that reflect the 'spirit of the times'. With the aid of this framework, the main chapters assess in detail the dominating micro and macro textbooks, i.e., Varian (2016), Pindyck and Rubinfeld (2015), Mankiw (2016) and Blanchard and Illing (2017). The guiding questions of Peukert's study are: how scientific or ideological are these textbooks? What meta-paradigmatic elements can be identified in each chapter? Are

these texts monist or pluralist? In other words, is Germany a country of there is no alternative (TINA) or a there are many alternatives (TAMA) economics? Summary chapters contain the main findings before the final chapter evaluates alternative textbooks.

Much of what Peukert finds comes as no surprise to heterodox economists, especially those who teach micro and macroeconomics in an institutional context mandating the use of neoclassical textbooks. However, despite recent publications on the state of heterodox economics in Germany (cf. Heisea and Thieme, 2016), the situation there is still relatively under-researched and also underrepresented in the English literature. Thus, the main contribution of Peukert's work is to shed more light on economics education in Germany. Because this review article is too limited in scope to do justice to his important findings, I recommended that Peukert publish a detailed summary in English for a non-German speaking audience.¹

A further merit of Peukert's research is what he calls a 'detailed hermeneutic evaluation' of the dominant neoclassical economics textbooks' ideas, concepts, theories and arguments. This evaluation not only brings together but builds on a host of previous critiques of neoclassical economics from radical, critical, and pluralist perspectives. The result is quite comprehensive, and significantly raises the level of understanding and wisdom. Most readers will find something new and useful for their teaching here. With a little bit of extra work, this section could become a critical companion to a neoclassical textbook. I recommend that the author seriously consider this option so that his valuable hermeneutic evaluation has the impact it deserves. Another added-value of these volumes is the discussion of an up-to-date and comprehensive list of alternative textbooks. Peukert attests to the demanding and high quality of these alternatives and confesses his preference for Goodwin et al.'s (2014) *Principles of Economics in Context*. The most important finding is that most of these alternative texts – with few exceptions, such as Biesecker and Kesting (2003) – are only available in English, which implies that they are unlikely to be assigned in Germany. I recommend to expand on the evaluation of alternative textbooks, which could be quite useful for heterodox instructors deciding which text to assign.

Perhaps, the finest of Peukert's achievements is preparing the ground for raising fundamental questions regarding the quality of economics education in Germany. While this questioning process is already initiated in his conclusions, I recommend expanding on this part of the book as it seems underexploited. This review article suggests possible avenues for such a questioning process.

The titles of Peukert's two volumes ask the question: "Economics textbooks: science or ideology?" One of the biggest issues with this title is that the author shies away from offering a definition of science at the outset. This would have been necessary for a clear distinction from ideology. Unaddressed is likewise the question of whether economics can or should be a science, and what kind of science; or whether it should rather be part of the humanities or liberal arts [cf. Mirowski's (1988) proposal to protect economics from science]. Given this, the answer aspired to by the books' title cannot be determined.

Assessing the dominant textbooks regarding monism and pluralism is, on the other hand, less problematic and is indeed accomplished by Peukert via the tracing of meta-theoretical elements. But this is not the same as testing whether economics is a science. A pluralist economics is not automatically more scientific. I find that the title lets the study under review somewhat hang in the air. Recurring references to 'scientific practice in physics' remain too vague and are also slightly problematic as there is no such

thing across all domains of physics and the author potentially opens himself up to the charge of physics envy. However, given his overall hermeneutic approach, I believe that his references to physics are merely meant to expose the neoclassical pretenses of being the ‘physicists of the social’ and to expose the differences, such as the lacking precision in definitions, the lacking courage to abandon previously held beliefs in the face of contrary evidence, and the substitution of rhetoric for proof.

Perhaps, a title more appropriate to the findings of Peukert’s study would have been ‘Economics: the science of brainwashing’. His overall conclusion is scathing and he repeatedly is genuinely shocked at how ideological, inconsistent, monist, unrealistic, unbalanced, and rhetorical the dominant textbooks are; how they mischaracterise and obscure real world economic mechanisms (money creation); neglect and ignore important issues (ecology, ethics and social justice); make statements without empirical support (inefficiency of regulated labour markets); and suppress evidence that contravenes their ideological theses (well-functioning governmental regulation).

A few examples will suffice: why is Blanchard’s text apologetic of ‘unconventional’ European Central Bank policies of indirect financing of governments and zombie-banks, while simultaneously arguing for balanced budgets and conservative monetary policy? This seems to be not only internally inconsistent but reminiscent of Mirowski’s (2013) finding that central banks and their private sector accomplices engineer ‘consensus’ amongst academic economists to shore up support for their policies. Why does Blanchard ignore the relevant heterodox economic theories in this context? The full-employment potential of functional finance theorised by post-Keynesians would have been an obvious option here. Moreover, why do textbooks obscure the real mechanics of money creation (horizontal money, seigniorage) in the banking system via grotesque misrepresentations? Furthermore, Peukert finds that the rhetoric of the books is overall reminiscent of the Cold War for its thorough and often crude anti-democratic, anti-government, anti-regulation, and pro-free-market stance.

Because of the pervasiveness of such rhetorical patterns, the author places these texts squarely in the genre of rhetoric rather than science, referencing Klammer et al. (1988). The term ‘thought-cloud’ is coined for the mélange of feelings, imagination, and implicit value judgements concocted in the texts. The concept of ‘political framing’ is employed for tracing how the students’ attitudes are carefully engineered through ‘metaphorical mapping’, ‘contested concepts’ and ‘salient exemplar effects’. According to Peukert, the ideological depth-structure of these texts is still adequately described by Karl Marx’s dictum ‘bourgeois vulgar economics’ because the ideas of the ruling class, including but not limited to the corporate interests of authors and publishers, are miraculously aligned with the content of these textbooks. Citing the injunctions of Yanis Varoufakis and Herbert Simon, this kind of learning material is also deemed a religion and a fact-free scholastic exercise.

Given all this, it is surprising that Peukert concedes in his preface that neoclassical economics provides a ‘sober foundation’ and ‘starting point’ for microeconomic analysis that “should not be ‘roundly rejected’” [Peukert, (2018a), p.14]. This concession is as generous as it is inconsistent with the harsh criticisms in the main parts of the books. The reader may initially wonder whether this is an ex-post concession to his neoclassical colleagues or his publisher. Yet, a more thoughtful consideration would be whether Peukert distinguishes some kind of ideal neoclassical economics from the manipulative textbook version he himself severely criticises? Indeed, his concession may comport with

his reiteration of the surprising flexibility ('arbitrariness' might be a better word) of neoclassical models and tools. It may also comport with his pluralist argument for completeness in thinking on any given issue, i.e., viewing it from different sides, with the availability of different and contradicting cognitive frames [Peukert, (2018a), p.318]. This might be akin to holding A and non-A true at the same time, which some have characterised as conceptual schizophrenia or the creation of doubt (Mirowski, 2013), while others consider it to be the essence of wisdom. Moreover, Peukert's concession may be compatible with the analytical frame he proposes, which does not draw a sharp distinction between neoclassical and heterodox economics but rather identifies meta-theoretical elements (archetypal ideas) that exist across the divide, such that paradigmatic boundaries blur. This presumably puts Peukert in the camp of those pluralist economists who seek a fruitful debate with neoclassical economists to identify common ground for collaboration and do not see heterodox economics as fundamentally incompatible with it. This would differ from the incompatibility-position taken by leading heterodox economists², such as Kapp (2011), Lee (2009) and Lawson (2013).

Another problem identified by Peukert is that the dominant textbooks under scrutiny are translations of the US-American textbooks. The fact that the German translations are found to be sloppy is the smaller issue. The bigger issue is that in addition to being monist and neoclassical these texts present economics from a 'US-American' lens: US-American economists rely upon examples, data, history and institutional contexts from the USA. Thus, the contributions to economic thought by notable German economists are ignored. Ignored is also the question of how German economic history, institutional contexts, and economic data give rise to lessons and insights that differ from the US context. Given neoclassical ontology, which assumes a universal, a-historical, closed mechanical system, this is of course not surprising. Yet, the conclusions of these textbooks on the evils of government could easily be challenged if some of the most important German economic institutions and governmental policies were taken into account, which have enjoyed as much popular support as they have been successful: the 'Länderfinanzausgleich', in which rich German regions redistribute tax revenue to poor regions; or the 'Solidaritätsaufschlag', which redistributes income from wealthy West Germany to rebuild East Germany after the fall of the Berlin Wall. Would not these examples – just like the Marshall Plan that helped rebuild Germany after WWII – call into question the balanced budget and fiscal austerity measures championed by neoclassical textbooks and recommended to the European South by the German Government?

It would be interesting to investigate whether the level of mainstreaming or 'Gleichschaltung' in textbooks during the Weimar Republic, Nazi Germany, and the GDR was as complete as it is today. To answer this question, however, one would need data that is more robust than what Peukert's books offer. General statements about 'market dominance' are not enough to support the conclusion that German economics is completely controlled by the ideology of the above mentioned textbooks. Unfortunately, Peukert neither provides evidence about the market shares for each book, nor a breakdown per university, per professor, and per number of students. He does, however, refer to the more comprehensive study of Rebhahn (2017), a researcher working in the same economics department as Peukert.

Unfortunately, this reference is superficial and lacks the desired specifics [Peukert (2018b), p.7] so we investigated Rebhahn's study. It shows that approximately 40% of the teaching of microeconomics in the undergraduate core curriculum at German

universities and applied sciences schools (Hochschulen) offering a Degree in Economics (Volkswirtschaftslehre) or Economic Sciences (Wirtschaftswissenschaften) is conducted using the German edition of Varian's introductory and intermediate textbooks. Decomposing this figure further for applied science schools the result is that 75% of them assign Varian's introductory textbook, which, interestingly, is not assigned at any of the private universities. When computed against the total number of the different economics textbooks assigned in Germany's higher learning the different editions of Varian's and Pindyck-Rubinfeld's introductory and intermediate books account for 48% [Rebhahn, (2017), pp.84–90].

At present, Rebhahn (2017) is working on a breakdown of these numbers per student, which should yield a more precise picture: many of the 221 textbooks listed in the total number of books are assigned at the few small pluralist economics programs with few students while the large programs tend to assign the above-mentioned neoclassical textbooks. The breakdown per student will probably demonstrate even more the domination of these monist textbooks. Rebhahn's (2017) detailed analysis could be the point of departure for a comparative study of the level of mainstreaming across the different economics education frameworks that have existed in Germany. Either way, it seems safe to say that the findings of Peukert's study regarding the dominance of neoclassical textbooks are consistent with quantitative and historical analyses demonstrating heterodox economics to be largely a failure in Germany (Heise, 2016).

A main question resulting from Peukert's study is why there are no textbooks written by German economists in German based on German economic contexts and with a noticeable market share in Germany? Another question is why most of the high quality heterodox textbooks are not known in Germany because they remain un-translated? Why have the left-of-centre economists, parties, and interest groups in Germany not made the effort or put up the funds to support such a worthy translation project that would contribute to their cause? While one could argue that the increasing offering of economics courses in English at German universities could make translations unnecessary, the above mentioned failure of heterodoxy in German makes it unlikely that heterodox economics textbooks would benefit regardless of the language.

Assuming for a moment that there is no lack of writing skills amongst German economists, what accounts for the fact that Germany receives her economics principles from the USA much like Moses received the Ten Commandments from God? Is there possibly a lack of cultural-historic identity amongst German economists? Peukert does not deal with these questions in his books. However, in a footnote he alludes to the legacy of the Cold War and the continuing influence of the military-industrial-financial complex of the USA (with reference to Mirowski, 2013), which the author views as reaching as far as Germany (p.55). Does the economic textbook market in Germany then reflect an ideological and cultural pre-emptive obedience to the reasoning of US elites, including global publishing houses? This would fit with the fact that most economists of the former GDR saw their professorships terminated in the unification process, presumably due to their Marxist affiliations.

Another worthy research angle would be whether the commercialisation of science incentivises professors to economise on their teaching efforts by resorting to those textbooks that offer the most complete instructor support packages, including test banks, PPTs, online homework assessment, videos, etc. Since only the top publishers offer this top level support there is an incentive to opt for their textbooks, which are exclusively

Comment [JH3]: Author: Please provide full reference or delete from the text if not required.

neoclassical. A further question would be how far commercialisation incentivises mainstreaming via ranking, assessment, and accreditation exercises, in which universities have to demonstrate ‘excellence’. Demonstrating excellence can result in mimicking the practices of top universities, which are across the board already assigning neoclassical textbooks.

Several important questions follow from Peukert’s finding that neoclassical economics textbooks dominate in Germany’s university system: what is this phenomenon indicative of; how is it to be interpreted; what is its meaning? To determine the meaning and implications of Peukert’s findings, we would first need ask and then to answer: do students – regularly described by the heterodox literature as naïve victims of neoclassical brainwashing – really believe the stories of these textbooks, or understand them in the way intended by the authors? More up-to-date studies would be desirable here to determine the impact of textbooks. Personal teaching experience suggests that there are a surprising variety of (mis-)understandings, counterintuitive interpretations, scepticism, indifference, cynicism, and ‘tick-box’ attitudes amongst students. Comprehension or agreement with textbook content is far from certain. After all, the commercialisation of higher education has turned universities into diploma mills with corresponding attitudes amongst students: many economise effort to get their license to make money as efficiently as possible. The longing for wisdom, the thirst for truth and the corresponding attitude of carefully reading textbooks no longer reflects the attitude of the majority of students or even academics. All this somewhat undermines the brainwashing potential of textbooks, lessening the severity of Peukert’s conclusions.

Another important question is whether these textbooks are mandatory reading or whether professors simply name books on their website to shore up legitimacy without actually using them for their teaching. Perhaps, they teach something completely different, or just use the neoclassical text as a starting point for their critique? Another question is whether students actually read them? Surveys conducted amongst students at my university in the UK indicate that a large majority of students no longer read textbooks even when prompted to do so by their instructor. Personal teaching experience from the USA is that reading the textbook can be more incentivised institutionally and thus become more common. Personal experience from studying economics in Germany indicates that reading textbooks was a rare exception because learning materials consisted of lecture notes and ‘scripts’ collated by professors from a variety of sources. Reading practice appears to depend on institutional context. And even if students read (parts of) textbooks, for how long do they actually remember them after university and how strongly are they influenced by them? Perhaps, the bigger impact on learning today is via PPTs, online videos and assessment tools that publishers provide and to which students are increasingly addicted as shortcuts for memorisation before exams. While these normally draw on textbook content, they also constitute a distinct category of material often authored by writers other than the textbook author, with a unique style, rhetoric, and examples, deserving a separate study.

On the epistemological level, one may wonder if Peukert’s results are compatible with Mirowski’s (2013) thesis that the hallmark of today’s neoliberalised economics education is the ‘science of the creation of doubt’ (agnotology) veiled behind ‘teaching the controversy’ and ‘pluralism’. Mirowski (2013) interprets this as an abdication of the will to truth in favour of the will to ignorance. This is deemed to be the epistemological challenge of neoliberalism, which roots truth in the market and denies the human to be the seat of truth. So, how does Mirowski’s thesis fit with what seems to be Peukert’s

scientific ideal of pluralist economics? Unfortunately, Peukert does not address how his ideal differs from neoliberal agnotology and will to ignorance. And, how does Mirowski's thesis fit with Peukert's finding of the market dominance of dogmatic textbooks that do not teach the controversy? Open questions remain here. However, it seems safe to say that if students and the wider public were to 'buy' the wilful make-belief (rhetoric) of these texts for truth it would constitute a case of ignorance and illusion. The latter would also apply to the authors themselves if they confuse their wilful make-belief for truth.

However, how does Peukert's characterisation and critique of the rhetoric of these texts fit with the title page and introduction of his books? The jacket covers quote Paul Samuelson as saying that poets are the unacknowledged legislators of the world and that writing economics textbooks is more significant than writing the law. Is this meant to be an admission by one of the most 'successful' textbook authors of all times that economics textbooks are a form of poetry that has power akin to legislative power? Likening economics to poetry would seem to fit with Peukert's findings that large parts of the texts read like 'thought-clouds' filled with images, metaphors and emotions. If we admit that all rhetoric is a form of poetry, while not all poetry is rhetoric, we can work out the potential and implications of re-rooting economics in poetry rather than rhetoric (cf. Berger, 2015, 2017, 2018, 2019).

I recommend the books under review first and foremost to all those readers and instructors of economics yearning for highly-sophisticated ammunition to deflate the ideological thought-clouds blown by the world's so-called 'leading' economists and their textbooks. And these books are of course a must read for all Germans since they raise so many tough questions about the quality of their higher education.

References

- Berger, S. (2015) 'Poetic economics and experiential knowledge: how the economist K. William Kapp was inspired by the poet Ernst Wiechert', *Journal of Economic Issues*, Vol. 49, No. 3, pp.730–748.
- Berger, S. (2017) *Dichtung und Wirtschaft – oder: Die (Brief-)Freundschaft zwischen dem Dichter Ernst Wiechert und dem Ökonomen Karl William Kapp*, Verlag Traugott Bautz, Nordhausen.
- Berger, S. (2018) 'Towards a poetic economics: studies in Ezra Pound's poetry with a Hammer', in Lüfter, R. and Preda, R. (Eds.): *A Companion to Ezra Pound's Economy*, Verlag Traugott Bautz, Nordhausen.
- Berger, S. (2019) 'Can a poetic economy cure evil?: Lessons from the Kapp-Wiechert correspondence', in Simon, R. (Ed.): *Wirtliche Ökonomie – Band 3*, Verlag Traugott Bautz, Nordhausen.
- Biesecker, A. and Kesting, S. (2003) *Mikroökonomik: eine Einführung aus sozial-ökologischer Perspektive*, Oldenbourg Verlag, München.
- Blanchard, O. and Illing, G. (2017) *Makroökonomie*, 7th ed., Pearson, London.
- Goodwin, N., Harris, J.M., Nelson J.A., Roach, B. and Torras, M. (2014) *Principles of Economics in Context*, Routledge, London.
- Heise, A. and Thieme, S. (2016) 'The short rise and long fall of heterodox economics in Germany after the 1970s: explorations in a scientific field of power and struggle', *Journal of Economic Issues*, Vol. 50, No. 4, pp.1105–1130.
- Kapp, K.W. (2011) *The Foundations of Institutional Economics*, in Berger, S. and Steppacher, R. (Eds.), Routledge, London.

- Klamer, A., McCloskey, D. and Solow, R. (1988) *The Consequences of Rhetoric*, Cambridge University Press, Cambridge.
- Lawson, T. (2013) 'What is this 'school' called neoclassical economics?', *Cambridge Journal of Economics*, Vol. 37, No. 5, pp.947–983.
- Lee, F. (2009) *A History of Heterodox Economics*, Routledge, London.
- Mankiw, G. (2016) *Makroökonomik*, 7th ed., Schäffer-Poeschel, Stuttgart.
- Mearman, A., Berger, S. and Guizzo, D. (2019) *What is Heterodox Economics?: Interviews with Leading Economists*, Routledge, London.
- Mirowski, P. (1988) *Against Mechanism – Protecting Economics from Science*, Rowman & Littlefield, Lanham, MD.
- Mirowski, P. (2013) *Never Let a Serious Crisis Go to Waste*, Verso, London.
- Pindyck, R.S. and Rubinfeld, D.I. (2015) *Mikroökonomie*, 8th ed., Pearson, Hallbergmoos.
- Rebhahn, C. (2017) *Einseitig oder Plural*, Metropolis, Marburg.
- Varian, H. (2016) *Grundzüge der Mikroökonomik*, 9th ed., de Gruyter, Berlin.

Notes

- 1 Editor's note: I concurred, and asked Helge to do so. He graciously accepted and his response immediately follows this article.
- 2 For further discussion, see the 'Introduction' in Mearman et al. (2019).